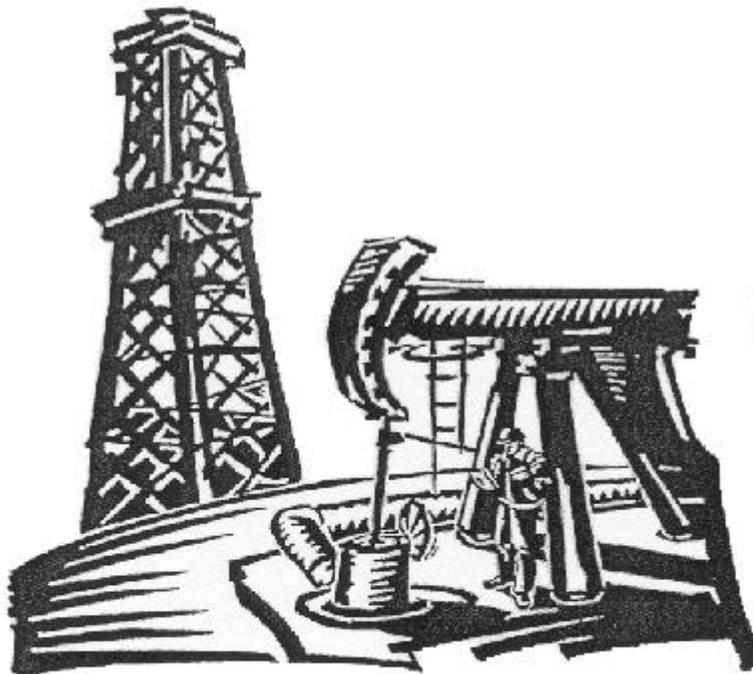


COMPETITIVE Oil & GAS LEASE SALE



BUREAU OF LAND MANAGEMENT
New Mexico State Office
1474 Rodeo Road
SANTA FE, NM



NEW MEXICO
OKLAHOMA
KANSAS
TEXAS

October 16, 2002



United States Department of the Interior

Bureau of Land Management
New Mexico State Office
1474 Rodeo Road
P.O. Box 27115
Santa Fe, New Mexico 87502-0115

In reply refer to:
3120 (930-lbo)

August 28, 2002

NOTICE OF COMPETITIVE LEASE SALE

Oil and Gas

SALE LOCATION ADDRESS

Bureau of Land Management
1474 Rodeo Road
Santa Fe, New Mexico 87505

Notice is hereby given that on **October 16, 2002**, the U.S. Department of the Interior, Bureau of Land Management, New Mexico State Office, will offer for competitive sale, pursuant to Title 43 CFR Part 3120 and procedures herein, certain Federal lands for oil and gas leasing.

LOCATION: The sale will be held in the second floor conference room, at the Bureau of Land Management, 1474 Rodeo Road, Santa Fe, New Mexico 87505. You must be present to bid.

TIME: The competitive oral auction will commence at 9:00 a.m. on **October 16, 2002**. The sale room will be open to the public one hour prior to the time indicated above, to allow each interested party time to obtain a bidding number from authorized Bureau personnel.

REGISTRATION AND BIDDING NUMBERS: Bidders will be required to obtain a bidding number prior to making any bid. Registration of bidders is required to speed paperwork and will commence at 8:00 a.m., October 16, 2002.

LANDS OFFERED: The lands to be offered are described herein. Parcels will be offered for oral bid in the order shown in this Notice of Competitive Lease Sale.

TERMS OF LEASE: Leases awarded as a result of this oral auction will be for a primary term of 10 years, and so long thereafter as there is production in paying quantities. The royalty will be at a flat rate of 12-1/2 percent of the value or the amount of production removed or sold from the lease. Other terms of the lease are specified on the standard lease (Form 3100-11b, October 1992 edition).

OTHER CONDITIONS: Specific surface use stipulations, where applicable, are specified for each parcel in this Notice of Competitive Lease Sale. Such stipulations shall become part of the lease and shall supersede any inconsistent provisions of the lease form. General surface use requirements are contained in law and regulation. Further details regarding the stipulations can be obtained from the New Mexico State Office.

MINIMUM BID: The minimum acceptable bonus bid will be the lump sum equivalent of \$2.00 per acre or fraction thereof.

METHOD OF BIDDING: All bids shall be made orally and be based on a per-acre basis for the entire acreage in the parcel and not on the total bid amount. The bid must be rounded up to the next whole acre if fractional acreage is involved, e.g., a parcel of 644.38 acres will require a minimum bid of at least \$1,290.00 (\$2.00 X 645 acres) to open the bidding process.

FRACTIONAL INTERESTS: For some of the parcels, as indicated in the list, the United States holds less than 100 percent of the oil and gas rights. Any lease issued will be only for the percentages or fractions indicated. However, bonus bids and rentals for such parcels shall be based on the gross acreage in the parcel, not the net U.S. interest. Acreage chargeability and production royalty are, in contrast, calculated on the net U.S. interest.

RIGHT TO WITHDRAW PARCELS FROM SALE: The Bureau of Land Management reserves the right to withdraw any or all of the parcels from the sale prior to or at the oral auction. In the event of cancellation of the sale, every effort will be made to give appropriate notice to all interested parties. If and when any individual parcels are withdrawn, notice thereof will be posted in the Public Room at the New Mexico State Office, 1474 Rodeo Road, Santa Fe, New Mexico 87505.

DETERMINATION OF WINNING BID: A winning bid will be the highest oral bid, equal to or exceeding the national minimum acceptable bid specified above. The decision of the auctioneer shall be final.

PAYMENT OF BONUS BID, RENTAL AND ADMINISTRATIVE FEE: A bid shall not be withdrawn and shall constitute a legally binding commitment to execute the lease bid form and accept a lease, including the obligation to pay the bonus bid, first year's rental, and administrative fee. Winning bidders shall be required to make payment for the parcel on the day of the oral auction for a total amount consisting of: (1) a bonus bid deposit of at least \$2.00 per acre or fraction thereof; (2) the total amount of the first year's annual rental, at a rate of \$1.50 per acre or fraction thereof; and (3) an administrative fee of \$75.00 per parcel. Failure to pay this minimum deposit may result in assessment of civil penalties pursuant to the Federal Oil and Gas Royalty Management Act. This amount must be tendered at the close of business 4:00 p.m. the day of the sale. The entire amount due may be paid at this time. Any unpaid balance of the bonus bid must be received by the New Mexico State Office by the close of business on the tenth (10th) working day following the auction, which is 4:00 p.m., October 30, 2002, or all monies held by BLM and the right to issuance of the lease shall be forfeited. Any parcel so forfeited may be re-offered by BLM competitively at a later oral auction. Successful bidders for the future interest parcels are subject to these same conditions except (2) above in that no rental or royalty shall be due to the United States prior to the vesting of the oil and gas rights in the United States.

FORM OF PAYMENT: Payment shall be made by personal check, certified check, or money order (SUCH FORMS OF PAYMENT MUST BE MADE PAYABLE TO THE DEPARTMENT OF THE INTERIOR - BLM), or by all Major CREDIT CARDS. Payment by cash is NOT allowed.

BID FORM REQUIRED; AVAILABILITY: Pursuant to Title 43 CFR 3120.5, successful high bidders will be required to submit WITH the required payments for each parcel on the day of the oral

auction of such parcel, a properly signed current competitive lease bid form (Form 3000-2, October 1989). A separate bid form must be submitted for each parcel. This form is a legally binding offer by the prospective lessee to accept a lease pursuant to the terms and conditions specified herein for the parcel and on the standard lease form. Form 3000-2 may be obtained and executed by the prospective lessee or an authorized representative **PRIOR** to the oral auction. If the bid form is fully completed before the oral auction, it cannot be modified; portions of the form may be left blank to be completed by the bidder at the auction. If the bid form is not executed prior to the oral auction, the prospective lessee shall be required to complete and sign the bid form at the auction when the payment is tendered. Form 3000-2, when completed, certifies compliance with lessee qualifications (See Title 43 CFR 3102.5-2) and also certified compliance with 18 U.S.C. 1860, which prohibits unlawful combination of/or intimidation of bidders and certifies that the bid was arrived at independently without unlawful collusion. Forms 3000-2 and 3100-11b are made a part of this sale notice.

AWARD/ISSUANCE OF LEASES: Prospective lessees are advised that leases may be issued, upon signature by the authorized officer, without further action on their part, once all remaining bonus bid monies are timely received. The effective date of the lease shall be the first day of the month following execution of the lease form by the authorized officer, except that leases may, upon written request from the lessee received prior to signature on the lease by the authorized officer, be effective the first day of the month in which issued. Leases for future interest shall be effective as of the date the mineral interests vest in the United States, all else being regular.

UNSOLD PARCELS: Parcels contained in this Notice of Competitive Lease Sale for which no bids are received at the oral auction and no noncompetitive presale offers are pending, and which have not been withdrawn from the sale by BLM, shall be available for regular noncompetitive lease offer in accordance with Title 43 CFR Subpart 3110 for a 2-year period. The 2-year period shall commence at 9:00 a.m., October 17, 2002, the hour the public room opens on the first business day after the auction, and ending at 4:00 p.m., October 16, 2004. All noncompetitive offers received on that first business day following the auction will be considered simultaneously filed. Offers received thereafter shall receive priority as of the date and time of filing, as specified at Title 43 CFR 1821.2-3(a). A drop box will be available at the auction for noncompetitive offers for any parcel which has received no national minimum acceptable bid and all offers placed in the box shall be considered simultaneously filed during the first business day following the close of the oral auction. The drop box will be available until 1 hour following the close of the oral auction. Conflicting applications filed during the first business day following the auction and/or placed in the drop box at the sale will be prioritized by public drawing. This drawing will be held in the BLM Public Room in Santa Fe, NM at 3:00 p.m. on Monday, October 21, 2002.

PENDING NONCOMPETITIVE PRESALE OFFERS: A presale noncompetitive offer filed in accordance with Title 43 CFR 3110.1(a) for a parcel offered at the sale, and for which no bid is received, has first priority over an offer filed after the sale. Parties are cautioned that any lands in a parcel not sold at the auction, which are subject to a pending noncompetitive presale offer, may not be available for further noncompetitive filings. Those lands will be issued to the party who submitted the presale offer, all else being regular. However, if it is announced at the beginning of the sale that the presale offer has been withdrawn, noncompetitive filings will be accepted after the sale for that parcel. Parcels with pending noncompetitive presale offers are identified in this Notice of Competitive Lease Sale by the notation "Pending Presale Offer No."", indicated after the parcel description.

PUBLIC NOTICE

Bidders are reminded that a bid shall not be withdrawn and shall constitute a legally binding commitment to execute the lease bid form and accept a lease, including the obligation to pay the bonus bid, first year's rental, and administrative fee. There have been cases in past oral auctions where the minimum deposit due from the high bidder on the day of the auction was not paid, or was paid by a check drawn on an account with insufficient funds. The Bureau of Land Management will be closely monitoring situations of this nature to determine whether further measures should be initiated to protect the integrity of the system.

DUE TO BUDGET RESTRAINTS, EXTRA COPIES OF THE SALE NOTICE WILL NO LONGER BE PROVIDED AT THE SALE. HOWEVER, THEY WILL BE AVAILABLE FOR PURCHASE FROM THE CASHIER.

NOTE: SHOULD ASSISTANCE BE NEEDED FOR THE HEARING OR VISUALLY IMPAIRED, PLEASE CONTACT THE NEW MEXICO STATE OFFICE AT (505) 438-7537 BY October 4, 2002. THE SALE SITE IS ACCESSIBLE TO THE HANDICAPPED.

/s/ Lourdes B. Ortiz

*Lourdes B. Ortiz
Land Law Examiner
Fluids Adjudication Team*

**PARCELS WITH PRESALE OFFERS
AND
PARCELS WITHOUT PRESALE OFFERS**

10/16/2002 LEASE SALE

STATE	PARCELS WITH PRESALE OFFER	PARCELS WITHOUT A PRESALE OFFER	TOTAL PARCELS	ACRES WITH PRESALE OFFER	ACRES WITHOUT A PRESALE OFFER	TOTAL ACRES
NM	0	70	70	0.00	54,669.28	54,669.28
KS	0	2	2	0.00	279.92	279.92
OK	0	3	3	0.00	139.46	139.46
TX	0	0	0	0.00	0.00	0.00
TOTALS	0	75	75	0.00	55,088.66	55,088.66

**PLEASE FILL IN THE NAME AND ADDRESS AS IT SHOULD
APPEAR ON THE ISSUED LEASE**

NEW BIDDER REGISTRATION FORM

**BIDDER NO. _____
(Leave Blank)**

NAME: _____

TELEPHONE: _____

ADDRESS: _____

CITY: _____

STATE: _____ ZIP CODE: _____

E-MAIL ADDRESS: _____

**THE LESSEE MUST BE QUALIFIED TO HOLD A FEDERAL OIL
AND GAS LEASE.**

SIGNATURE

DATE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COMPETITIVE OIL AND GAS OR
GEOTHERMAL RESOURCES LEASE BID
30 U.S.C. 181 et seq.; 30 U.S.C. 351-359;
30 U.S.C. 1001-1025; 42 U.S.C. 6508

FORM APPROVED
OMB NO. 1004-0074
Expires: May 31, 2000

		State	Date of sale
PARCEL NUMBER		AMOUNT OF BID (See Instructions below)	
		TOTAL BID	PAYMENT SUBMITTED WITH BID
THE BID IS FOR (Check one) :			
<input type="checkbox"/> Oil and Gas Parcel Number _____			
<input type="checkbox"/> Geothermal Parcel Number _____ Name of Known Geothermal Resource Area (KGRA) _____			

The appropriate regulations applicable to this bid are: (1) for oil and gas leases—43 CFR 3120; (2) for National Petroleum Reserve-Alaska (NPR-A) leases—43 CFR 3132; and (3) for Geothermal resources leases—43 CFR 3220. (See details concerning lease qualifications on reverse.)

I CERTIFY THAT I have read and am in compliance with, and not in violation of, the lessee qualification requirements under the applicable regulations for this bid.

I CERTIFY THAT this bid is not in violation of 18 U.S.C. 1860 which prohibits unlawful combination or intimidation of bidders. I further certify that this bid was arrived at independently and is tendered without collusion with any other bidder for the purpose of restricting competition.

IMPORTANT NOTICE: Execution of this form, where the offer is the high bid, constitutes a binding lease offer, including all applicable terms and conditions. Failure to comply with the applicable laws and regulations under which this bid is made shall result in rejection of the bid and forfeiture of all monies submitted.

Print or Type Name of Lessee			Signature of Lessee or Bidder		
Address of Lessee					
City	State	Zip Code			

INSTRUCTIONS

INSTRUCTIONS FOR OIL AND GAS BID
(Except NPR-A)

1. Separate bid for each parcel is required. Identify parcel by the parcel number assigned in the *Notice of Competitive Lease Sale*.
2. Bid **must** be accompanied by the national minimum acceptable bid, the first year's rental and the administrative fee. The remittance **must** be in the form specified in 43 CFR 3103.1-1. The remainder of the bonus bid, if any, **must** be submitted to the proper BLM office within 10 working days after the last day of the oral auction. **Failure to submit the remainder of the bonus bid within 10 working days will result in rejection of the bid offer and forfeiture of all monies paid.**
3. If bidder is **not** the sole party in interest in the lease for which the bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the authorized officer.
4. This bid may be executed (*signed*) before the oral auction. If signed before the oral auction, this form cannot be modified without being executed again.
5. In view of the above requirement (4), bidder may wish to leave AMOUNT OF BID section blank so that final bid amount may be either completed by the bidder or the Bureau of Land Management at the oral auction.

INSTRUCTIONS FOR GEOTHERMAL OR
NPR-A OIL AND GAS BID

1. Separate bid for each parcel is required. Identify parcel by the number assigned to a tract.
2. Bid **must** be accompanied by one-fifth of the total amount of bid. The remittance **must** be in the form specified in 43 CFR 3220.4 for a Geothermal Resources bid and 3132.2 for a NPR-A lease bid.
3. Mark envelope Bid for Geothermal Resources Lease in (*Name of KGRA*) or Bid for NPR-A Lease, as appropriate. Be sure correct parcel number of tract on which bid is submitted and date of bid opening are noted plainly on envelope. No bid may be modified or withdrawn unless such modification or withdrawal is received prior to time fixed for opening of bids.
4. Mail or deliver bid to the proper BLM office or place indicated in the *Notice of Competitive Lease Sale*.
5. If bidder is **not** the sole party in interest in the lease for which bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the authorized officer.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on reverse)

OFFICIAL USE COPY

Form 3000-2 (July 1997)

QUALIFICATIONS

For leases that may be issued as a result of this sale under the Mineral Leasing Act (The Act) of 1920, as amended, the oral bidder must: (1) Be a citizen of the United States; an association (*including partnerships and trusts*) of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) Be in compliance with acreage limitation requirements wherein the bidder's interests, direct and indirect, in oil and gas leases in the State identified do not exceed 246,080 acres each in public domain or acquired lands including acreage covered by this bid, of which not more than 200,000 acres are under options. If this bid is submitted for lands in Alaska, the bidder's holdings in each of the Alaska leasing districts do not exceed 300,000 acres, of which no more than 200,000 acres are under options in each district; (3) Be in compliance with Federal coal lease holdings as provided in sec. 2(a)(2)(A) of the Act; (4) Be in compliance with reclamation requirements for all Federal oil and gas holdings as required by sec. 17 of the Act; (5) Not be in violation of sec. 41 of the Act; and (6) Certify that all parties in interest in this bid are in compliance with 43 CFR Groups 3000 and 3100 and the leasing authorities cited herein.

For leases that may be issued as a result of this sale under the Geothermal Steam Act of 1970, as amended, the bidder must: (1) Be a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; and (2) Be in compliance with acreage limitation requirements wherein the bidder's interests, direct and indirect, do not exceed 51,200 acres; and (3) Certify that all parties in interest in this bid are in compliance with 43 CFR Group 3200 and the leasing authority cited herein.

For leases that may be issued as a result of this sale under the Department of the Interior Appropriations Act of 1981, the bidder must: (1) Be a citizen or national of the United States; an alien lawfully admitted for permanent residence; a private, public or municipal corporation organized under the laws of the United States or of any State or Territory thereof; an association of such citizens, nationals, resident aliens or private, public or municipal corporations, and (2) Certify that all parties in interest in this bid are in compliance with 43 CFR Part 3130 and the leasing authorities cited herein.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this bid for a Competitive Oil and Gas or Geothermal Resources Lease.

AUTHORITY: 30 U.S.C. 181 et seq.; 30 U.S.C. 351-359; 30 U.S.C. 1001-1025; 42 U.S.C. 6508

PRINCIPAL PURPOSE: The information is to be used to process your bid.

ROUTINE USES: (1) The adjudication of the bidder's right to the resources for which this bid is made. (2) Documentation for public information. (3) Transfer to appropriate Federal agencies when comment or concurrence is required prior to granting a right in public lands or resources. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION: Disclosure of the information is voluntary. If all the information is not provided, your bid may be rejected.

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) requires us to inform you that:

This information is being collected in accordance with 43 CFR 3120, 43 CFR 3130, or 43 CFR 3220..

This information will be used to determine the bidder submitting the highest bid.

Response to this request is required to obtain a benefit..

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 2 hours per response including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, Bureau Clearance Officer (WO-630), 1620 L Street, Washington, D.C. 20036 and the Office of Management and Budget, Desk Officer for the Interior Department, Office of Regulatory Affairs (1004-0074), Washington, D.C. 20503.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial No. _____

OFFER TO LEASE AND LEASE FOR OIL AND GAS

The undersigned (*reverse*) offers to lease all or any of the lands in Item 2 that are available for lease pursuant to the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41), or the

READ INSTRUCTIONS BEFORE COMPLETING

Name _____
Street _____
City, State, Zip Code _____

2. This application/offer/lease is for: (*Check only One*) PUBLIC DOMAIN LANDS ACQUIRED LANDS (percent U.S. interest _____)
Surface managing agency if other than BLM: _____ Unit/Project _____
Legal description of land requested: _____ *Parcel No.: _____ *Sale Date (m/d/y): _____ / _____ / _____
***SEE ITEM 2 IN INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE.**
T. _____ R. _____ Meridian _____ State _____ County _____

Amount remitted: Filing fee \$ _____

Rental fee \$ _____

Total acres applied for _____
Total \$ _____

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:
T. _____ R. _____ Meridian _____ State _____ County _____

Total acres in lease _____
Rental retained \$ _____

This lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (*except helium*) in the lands described in Item 3 together with the right to build and maintain necessary improvements thereupon for the term indicated below, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and to regulations and formal orders hereafter promulgated when not inconsistent with lease rights granted or specific provisions of this lease.

NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid or nomination form submitted under 43 CFR 3120 and is subject to the provisions of that bid or nomination and those specified on this form.

Type and primary term of lease: _____ THE UNITED STATES OF AMERICA
 Noncompetitive lease (ten years) by _____
(Signing Officer)
 Competitive lease (ten years) _____
(Title) _____ (Date) _____
 Other _____ EFFECTIVE DATE OF LEASE _____

4. (a) Undersigned certifies that (1) offeror is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) all parties holding an interest in the offer are in compliance with 43 CFR 3100 and the leasing authorities; (3) offeror's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options; (4) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located; (5) offeror is in compliance with qualifications concerning Federal coal lease holdings provided in sec. 2(a)(2)(A) of the Mineral Leasing Act; (6) offeror is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (7) offeror is not in violation of sec. 41 of the Act.

(b) Undersigned agrees that signature to this offer constitutes acceptance of this lease, including all terms, conditions, and stipulations of which offeror has been given notice, and any amendment or separate lease that may include any land described in this offer open to leasing at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or in part, unless the withdrawal is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will afford offeror no priority if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments. 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Duly executed this _____ day of _____, 19 _____.

(Signature of Lessee or Attorney-in-fact)

LEASE TERMS

Sec. 1. Rentals—Rentals shall be paid to proper office of lessor in advance of each lease year. Annual rental rates per acre or fraction thereof are:

- (a) Noncompetitive lease, \$1.50 for the first 5 years; thereafter \$2.00;
- (b) Competitive lease, \$1.50; for the first 5 years; thereafter \$2.00;
- (c) Other, see attachment, or

as specified in regulations at the time this lease is issued.

If this lease or a portion thereof is committed to an approved cooperative or unit plan which includes a well capable of producing leased resources, and the plan contains a provision for allocation of production, royalties shall be paid on the production allocated to this lease. However, annual rentals shall continue to be due at the rate specified in (a), (b), or (c) for those lands not within a participating area.

Failure to pay annual rental, if due, on or before the anniversary date of this lease (or next official working day if office is closed) shall automatically terminate this lease by operation of law. Rentals may be waived, reduced, or suspended by the Secretary upon a sufficient showing by lessee.

Sec. 2. Royalties—Royalties shall be paid to proper office of lessor. Royalties shall be computed in accordance with regulations on production removed or sold. Royalty rates are:

- (a) Noncompetitive lease, 12½ %;
- (b) Competitive lease, 12½ %;
- (c) Other, see attachment; or

as specified in regulations at the time this lease is issued.

Lessor reserves the right to specify whether royalty is to be paid in value or in kind, and the right to establish reasonable minimum values on products after giving lessee notice and an opportunity to be heard. When paid in value, royalties shall be due and payable on the last day of the month following the month in which production occurred. When paid in kind, production shall be delivered, unless otherwise agreed to by lessor, in merchantable condition on the premises where produced without cost to lessor. Lessee shall not be required to hold such production in storage beyond the last day of the month following the month in which production occurred, nor shall lessee be held liable for loss or destruction of royalty oil or other products in storage from causes beyond the reasonable control of lessee.

Minimum royalty in lieu of rental of not less than the rental which otherwise would be required for that lease year shall be payable at the end of each lease year beginning on or after a discovery in paying quantities. This minimum royalty may be waived, suspended, or reduced, and the above royalty rates may be reduced, for all or portions of this lease if the Secretary determines that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or is otherwise justified.

An interest charge shall be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) (30 U.S.C. 1701). Lessee shall be liable for royalty payments on oil and gas lost or wasted from a lease site when such loss or waste is due to negligence on the part of the operator, or due to the failure to comply with any rule, regulation, order, or citation issued under FOGRMA or the leasing authority.

Sec. 3. Bonds—A bond shall be filed and maintained for lease operations as required under regulations.

Sec. 4. Diligence, rate of development, unitization, and drainage—Lessee shall exercise reasonable diligence in developing and producing, and shall prevent unnecessary damage to, loss of, or waste of leased resources. Lessor reserves right to specify rates of development and production in the public interest and to require lessee to subscribe to a cooperative or unit plan, within 30 days of notice, if deemed necessary for proper development and operation of area, field, or pool embracing these leased lands. Lessee shall drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in amount determined by lessor.

Sec. 5. Documents, evidence, and inspection—Lessee shall file with proper office of lessor, not later than 30 days after effective date thereof, any contract or evidence of other arrangement for sale or disposal of production. At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or unavoidably lost. Lessee may be required to provide plats and schematic diagrams showing development work and improvements, and reports with respect to parties in interest, expenditures, and depreciation costs. In the form prescribed by lessor, lessee shall keep a daily drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and furnish copies to lessor when required. Lessee shall keep open at all reasonable times for inspection by any authorized officer of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that supports

costs claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessee's accounting offices for future audit by lessor. Lessee shall maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

During existence of this lease, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 6. Conduct of operations—Lessee shall conduct operations in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, and other resources, and to other land uses or users. Lessee shall take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with lease rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing uses and to authorize future uses upon or in the leased lands, including the approval of easements or rights-of-way. Such uses shall be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessee.

Prior to disturbing the surface of the leased lands, lessee shall contact lessor to be apprised of procedures to be followed and modifications or reclamation measures that may be necessary. Areas to be disturbed may require inventories or special studies to determine the extent of impacts to other resources. Lessee may be required to complete minor inventories or short term special studies under guidelines provided by lessor. If in the conduct of operations, threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee shall immediately contact lessor. Lessee shall cease any operations that would result in the destruction of such species or objects.

Sec. 7. Mining operations—To the extent that impacts from mining operations would be substantially different or greater than those associated with normal drilling operations, lessor reserves the right to deny approval of such operations.

Sec. 8. Extraction of helium—Lessor reserves the option of extracting or having extracted helium from gas production in a manner specified and by means provided by lessor at no expense or loss to lessee or owner of the gas. Lessee shall include in any contract of sale of gas the provisions of this section.

Sec. 9. Damages to property—Lessee shall pay lessor for damage to lessor's improvements, and shall save and hold lessor harmless from all claims for damage or harm to persons or property as a result of lease operations.

Sec. 10. Protection of diverse interests and equal opportunity—Lessee shall: pay when due all taxes legally assessed and levied under laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; and take measures necessary to protect the health and safety of the public.

Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly. If lessee operates a pipeline, or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated accessible to oil derived from these leased lands, lessee shall comply with section 28 of the Mineral Leasing Act of 1920.

Lessee shall comply with Executive Order No. 11246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

Sec. 11. Transfer of lease interests and relinquishment of lease—As required by regulations, lessee shall file with lessor any assignment or other transfer of an interest in this lease. Lessee may relinquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which shall be effective as of the date of filing, subject to the continued obligation of the lessee and surety to pay all accrued rentals and royalties.

Sec. 12. Delivery of premises—At such time as all or portions of this lease are returned to lessor, lessee shall place affected wells in condition for suspension or abandonment, reclaim the land as specified by lessor and, within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of producible wells.

Sec. 13. Proceedings in case of default—If lessee fails to comply with any provisions of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation unless or until the leasehold contains a well capable of production of oil or gas in paying quantities, or the lease is committed to an approved cooperative or unit plan or communitization agreement which contains a well capable of production of unitized substances in paying quantities. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time. Lessee shall be subject to applicable provisions and penalties of FOGRMA (30 U.S.C. 1701).

Sec. 14. Heirs and successors-in-interest—Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors, beneficiaries, or assignees of the respective parties hereto.

**U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NEW MEXICO STATE OFFICE
OCTOBER 16, 2002 OIL AND GAS LEASE SALE**

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210001 KS LANE 6TH 100.00%	16S	28W	11	SENW,E2SW;	120.000 ORA-2 KSNM 100480	P	N
200210002 KS HAMILTON 6TH 100.00%	24S	43W	02 02	1,2; S2NE;	159.920 KSNM 69629	P	N
200210003 NM SANDOVAL NMPM 100.00%	18N	03W	34	NW;	160.000 NMNM 97833	P	N
200210004 NM MCKINLEY NMPM 100.00%	20N	05W	18 18 19 27	1,2; N2NE,E2NW; NE; SW;	559.680 F-15* NMNM 5980 NMNM 67399 NMNM 85812 NMNM 91516	P	N

*F15 APPLIES TO SEC. 18: N2NE,E2NW
SEC. 19: NE

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210005 NM MCKINLEY NMPM 100.00%	20N	06W	01 11 12	SW; NE,SW; E2,SW;	960.000 NM-6 NMNM 07250 NMNM 07774	P	N
200210006 NM SANDOVAL NMPM 100.00%	21N	06W	06	SENE;	40.000 NMNM 85818	P	N
200210007 NM SANDOVAL NMPM 100.00%	21N	06W	33	NE,SW;	320.000 NMNM 71703	P	N
200210008 NM SANDOVAL NMPM 100.00%	22N	06W	01 01 11 12	1,2,3,4; S2N2,S2; W2,SE; ALL;	1,761.400 NMNM 54212 NMNM 61912 NMNM 76834 NMNM 83496 NMNM 83497	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210009 NM SANDOVAL NMPM 100.00%	22N	06W	03 03 04 04 09 17	1,2,3,4; S2N2,S2; 1,2,3,4; S2N2,SW; N2,W2SW; NE;	1,686.280 NMNM 41722 NMNM 61912 NMNM 76833 NMNM 83498	P	N
200210010 NM SANDOVAL NMPM 100.00%	22N	06W	05 05 06 06	1,2,3,4; S2N2,SE; 1,2; S2NE;	644.670 NMNM 76833	P	N
200210011 NM SANDOVAL NMPM 100.00%	22N	06W	10 13 14 15	E2,SW; ALL; ALL; N2,SW;	2,240.000 PRIOR LEASE NOS.: NMNM 19814 NMNM 54212 NMNM 58866 NMNM 61912 NMNM 76834 NMNM 80480 NMNM 83497	P	N
200210012 NM SANDOVAL NMPM 100.00%	22N	06W	21 22 27 28	N2,SW; W2NE,SENE,NW; E2; NW;	1,240.000 NMNM 7008 NMNM 19814A NMNM 35100 NMNM 61560 NMNM 61912 NMNM 83498	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210013 NM SANDOVAL NMPM 100.00%	22N	06W	23 24 25 26	W2; E2,SW; W2; E2,SW;	1,600.000	P	N
PRIOR LEASE NOS.: NMNM 36344 NMNM 59709 NMNM 83497 NMNM 83498 NMNM 93447							
200210014 NM SANDOVAL NMPM 100.00%	22N	07W	01 11 12 13	S2; NE; SE; NE,E2NW;	880.000	P	N
NMNM 0556258 NMNM 89022							
200210015 NM SANDOVAL NMPM 100.00%	22N	07W	19 28 29	SE; NW; NW,SE;	640.000	P	N
NMNM 04565							
200210016 NM SANDOVAL NMPM 100.00%	22N	07W	21 23 26 30 30	W2; NESE; S2SE; 1,2,3,4; E2W2,SE;	923.360	P	N
NMNM 58874 NMNM 76838							

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210017 NM SAN JUAN NMPM 100.00%	21N	08W	06 06 24 34	2,3,4,5,6,7; S2NE,SENW,E2SW,SE; ALL; 1,2,3,4;	1,403.230 F-15 APPLIES TO: SEC.6: LOTS 2-7, S2NE,SENW,E2SW,SE NMNM 66124	P	N
200210018 NM SAN JUAN NMPM 100.00%	21N	08W	08 09 11	ALL; W2; NE;	1,120.000 F-15 NMNM 66124	P	N
200210019 NM SAN JUAN NMPM 100.00%	22N	08W	09 10	S2N2,SE; S2NW;	400.000 NMNM 84824	P	N
200210020 NM SAN JUAN NMPM 100.00%	23N	08W	01 01 02 12	3,4; S2NW; 1,2,3,4; ALL;	963.920 NMNM 36946 NMNM 40027	P	N
200210021 NM SAN JUAN NMPM 100.00%	23N	08W	04 04	1,2,3,4; S2N2,S2;	639.600 NMNM 05454	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210022 NM SAN JUAN NMPM 100.00%	23N	08W	06 06 08	1,2,3,4,5,8,9,10,11; S2NE,SE, E2;	977.000 NMNM 05454 NMNM 11578	P	N
200210023 NM SAN JUAN NMPM 100.00%	22N	09W	04 04 05 05 08 09	1,2; S2NE,SW; 1,2; S2NE; NE; SW;	803.180 NMNM 68059	P	N
200210024 NM SAN JUAN NMPM 100.00%	22N	09W	21	NE,SW;	320.000 F-19 NMNM 68059	N	N
200210025 NM SAN JUAN NMPM 100.00%	23N	10W	08	SE;	160.000 F-9	P	N
200210026 NM SAN JUAN NMPM 100.00%	23N	10W	13 15 21 22 27	S2; E2,SW; W2,SE; N2; NW;	1,760.000 F-9 NMNM 55845 NMNM 56667 NMNM 81850	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210027 NM SAN JUAN NMPM 100.00%	23N	11W	03 03 10	1,2,3,4; S2N2,S2; ALL;	1,278.580 NMNM 82820	P	N
200210028 NM SAN JUAN NMPM 100.00%	24N	11W	22	SW;	160.000 NMNM 63577	P	N
200210029 NM SAN JUAN NMPM 100.00%	24N	11W	25 26 27	W2; S2; ALL;	1,280.000 NMNM 19160 NMNM 71711 NMNM 80499 NMNM 85827	P	N
200210030 NM SAN JUAN NMPM 100.00%	24N	11W	34 35	ALL ALL;	1,280.000 NMNM 35118 NMNM 80499 NMNM 86487	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210031 NM HIDALGO NMPM 100.00%	20S	20W	17 18 18 19 19	ALL; 1,2,3,4; E2,E2W2; 1,2,3,4; E2,E2W2;	1,931.680 WO-ESA 7 NMNM 40331 NMNM 41120	P	N
200210032 NM CHAVES NMPM 100.00%	19S	17E	22 23 24	ALL; ALL; NE,E2NW,NESW,N2SE,SWSE;	1,680.000 SENM-S-17* SENM-S-25 WO-ESA 7 NMNM 65618 NMNM 81794	P	N
*SENM-S-17 APPLIES TO: SEC. 22: SW SEC. 23: NENE SEC. 24: NE,E2NW,NESW,N2SE,SWSE							
200210033 NM CHAVES NMPM 100.00%	19S	17E	25 26 34	NWNE,S2NE,SENW,S2; ALL; ALL;	1,760.000 SENM-S-17* WO-ESA 7 NMNM 81794	P	N
SENM-S-17 APPLIES TO: SEC. 25: S2S2 SEC. 26: S2S2N2S2 SEC. 34: E2NE							
200210034 NM CHAVES NMPM 100.00%	18S	19E	25 26	NW,S2; E2,E2NW,SWNW,SW;	1,080.000 SENM-S-18* WO-ESA 7 NMNM 86252	P	N
SENM-S-18 APPLIES TO: SEC. 25: SWSE							

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210035 NM CHAVES NMPM 100.00%	18S	19E	30 30 31 31	1,2; NE,E2NW; 1,2; NE,E2NW;	579.640 WO-ESA 7 NMNM 86253	P	N
200210036 NM CHAVES NMPM 100.00%	18S	19E	33 34	N2,N2S2; W2NE,NW,N2SW,NWSE;	840.000 SENM-S-17: SEC.33: N2NE WO-ESA 7 NMNM 86254	P	N
200210037 NM CHAVES NMPM 100.00%	18S	19E	35	N2,N2S2;	480.000 SENM-S-18: SEC.35: E2NWSE WO-ESA 7 NMNM 86255	P	N
200210038 NM CHAVES NMPM 100.00%	19S	19E	03 03 04 04	1,2,3,4; S2N2,NESW,N2SE; 1,2,3,4; S2N2,NESW,W2SW,NWSE;	925.040 SENM-S-17: SEC. 3: S2NE SEC. 4: SWSW WO-ESA 7 NMNM 83149 NMNM 86256	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210039 NM CHAVES NMPM 100.00%	19S	19E	06 06 07 07	1,2,3,4,5,6,7; S2NE,SENW,E2SW,SE; 1,2,3,4; NE,E2W2,N2SE,SWSE;	1,125.900 SENM-S-17* SENM-S-18** WO-ESA 7 NMNM 66900 NMNM 81649 NMNM 86257	P	N
<p>*SENM-S-17 APPLIES TO: SEC. 6: LOTS 3,4, S2 SEC. 7: LOTS 1,2 **SENM-S-18 APPLIES TO: SEC. 6: LOTS 2,3,4,5</p>							
200210040 NM CHAVES NMPM 100.00%	19S	19E	08 09	N2,N2S2,SESE; E2,S2NW,SW;	1,080.000 SENM-S-17: SEC. 8: E2SE SENM-S-18: SEC. 9: SESE WO-ESA 7 NMNM 86258	P	N
200210041 NM CHAVES NMPM 100.00%	19S	19E	17	NENE,W2E2,W2,SESE;	560.000 SENM-S-18: SEC. 17: SESE WO-ESA 7 NMNM 54238 NMNM 69545 NMNM 86259	P	N
200210042 NM CHAVES NMPM 100.00%	19S	19E	30 30	1,2,3,4; E2,E2W2;	584.280 SENM-S-18: SEC. 30: LOT 1 WO-ESA 7 NMNM 86260	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210043 NM CHAVES NMPM 100.00%	19S	19E	33	ALL;	640.000 WO-ESA 7 NMNM 43496 NMNM 86261	P	N
200210044 NM CHAVES NMPM 100.00%	18S	20E	03 03	1,2,3,4; S2N2,S2;	553.000 WO-ESA 7 NMNM 80195	P	N
200210045 NM CHAVES NMPM 100.00%	18S	20E	09	ALL;	640.000 SENM-S-18* WO-ESA 7 NMNM 80196	P	N
*SENM-S-18 APPLIES TO: SEC. 9: SENE,S2NW,E2SW,NWSE							
200210046 NM CHAVES NMPM 100.00%	19S	20E	01 01	1,2,3,4; S2N2,S2;	640.720 SENM-S-25 WO-ESA 7 NMNM 76899	P	N
200210047 NM CHAVES NMPM 100.00%	19S	20E	12	ALL;	640.000 SENM-S-18: SEC.12: S2N2SW,S2S2 WO-ESA 7 NMNM 76901	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210048 NM CHAVES NMPM 100.00%	19S	20E	13	ALL;	640.000 WO-ESA 7 NMNM 76901	P	N
200210049 NM EDDY NMPM 100.00%	18S	21E	13 24	SE; NE;	320.000 WO-ESA 7 NMNM 12676	P	N
200210050 NM EDDY NMPM 100.00%	18S	21E	26 34 35	S2N2,S2; W2NE,SENE,W2,SE; ALL;	1,720.000 SENM-S-18* WO-ESA 7 NMNM 12676	P	N
<p>SENM-S-18 APPLIES TO: SEC. 26: S2N2N2N2SE,S2NESE,N2SESE, E2SWSE,NWNWSW SEC. 34: S2N2NENW,W2NW SEC. 35: NWNE,NWSWNE,S2NW,NWSW</p>							
200210051 NM EDDY NMPM 100.00%	21S	21E	23	S2;	320.000 SENM-S-18: SEC.23: N2N2S2 SENM-S-25 NMNM 20326	P	N
200210052 NM EDDY NMPM 100.00%	18S	23E	33	S2S2;	160.000 WO-ESA 7 NMNM 12676	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210053 NM EDDY NMPM 100.00%	20S	23E	01 01 04 04	1,2; S2NE,SENW,E2SW,SE; 1,2,3,4; S2N2,N2S2;	921.560 SENM-LN-1 SENM-S-21 SENM-S-25 WO-ESA 7 NMNM 67490 NMNM 87312	P	N
200210054 NM CHAVES NMPM 100.00%	06S	24E	18 18	1,2,3,4,5,6,9,10; NE;	438.680 SENM-S-18 NMNM 70305 NMNM 93033	P	N
200210055 NM CHAVES NMPM 100.00%	09S	24E	22 27 31	S2N2,SW,N2SE,SESE; W2; 7,8,9,10,11,12;	1,000.760 SENM-S-21 NMNM 37597	P	N
200210056 NM EDDY NMPM 100.00%	18S	25E	11 14	SW; NE;	320.000 SENM-S-18: SEC. 11: N2SW NMNM 82843 NMNM 86099	P	N
200210057 NM CHAVES NMPM 100.00%	06S	26E	03	3,4;	83.100 SENM-S-18 NMNM 78226	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210058 NM CHAVES NMPM 100.00%	11S	26E	33 33 34 35	1,2,3,4; N2NE,SWNE,SE; S2SE; S2SW,SE;	627.920 SENM-LN-1 SENM-S-26 APPLIES TO: SEC.34: SESE SEC.35: S2SW,SE NMNM 19834 NMNM 76968	P	N
200210059 NM CHAVES NMPM 100.00%	12S	26E	12	ALL;	640.000 NMNM 43532 NMNM 88110	P	N
200210060 NM CHAVES NMPM 100.00%	15S	27E	11	ALL;	640.000 SENM-S-21 NMNM 93188	P	N
200210061 NM EDDY NMPM 100.00%	16S	27E	03 03 03	1,2,3,4,5,6,7,8,9,10; 11,12,13,14,15,16; S2;	871.840 SENM-LN-1 NMNM 69162 NMNM 70320 NMNM 76986 NMNM 81596 NMNM 82862	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210062 NM EDDY NMPM 100.00%	18S	27E	34	E2NE;	80.000 SENM-LN-1 SENM-S-21 NMNM 66267	P	N
200210063 NM EDDY NMPM 100.00%	21S	27E	12	SESW,SE;	200.000 SENM-LN-1 SENM-S-21 NMNM 04987	P	N
200210064 NM CHAVES NMPM 100.00%	15S	29E	09	S2NE,SW,NESE,W2SE;	360.000 NMNM 70891	P	N
200210065 NM CHAVES NMPM 100.00%	13S	31E	03 10	1,2; ALL;	720.490 SENM-S-17 SENM-S-22 NMNM 20968 NMNM 78266	P	N
200210066 NM LEA NMPM 100.00%	26S	33E	18 18	2; SENE,E2SE;	159.490 NMNM 93217	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210067 NM LEA NMPM 100.00%	18S	34E	27	NWNE,SWNW;	80.000 SENM-S-19 NMNM 77086	P	N
200210068 NM LEA NMPM 100.00%	23S	34E	22	S2;	320.000 SENM-LN-1 SENM-S-22 NMNM 0552659A	P	N
200210069 NM LEA NMPM 100.00%	09S	35E	17 18 18 31 31	ALL; 1; N2NE,NENW,W2SE; 1,2; NE,E2NW;	1,196.630 SENM-S-22 NMNM 68825 NMNM 69597 NMNM 77102 NMNM 83100 NMNM 89065	P	N
200210070 NM LEA NMPM 100.00%	10S	35E	30 30	2,4; E2NE,SENW,SESW,S2SE;	319.620 SENM-S-22 NMNM 57540	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210071 NM LEA NMPM 100.00%	12S	38E	01 04 04 11 12 28	1,2,3,4; 1; SENE; N2SW,NWSE; 3,4; SWSW,NESE;	308.430 SENM-S-22 NMNM 58831 NMNM 61370 NMNM 62254 NMNM 81978 NMNM 89862	P	N
200210072 NM LEA NMPM 100.00%	12S	38E	14 14 23 23	4; NENW,SWSW; 1; SWNE,NWNW,SWSE;	279.600 SENM-S-22 NMNM 39965 NMNM 61370	P	N
200210073 OK LEFLORE IM 100.00%	06N	25E	36	1;	1.000 ORA-1 ORA-2 ORA(LN-1) ORA-4 (NSO) NM-8	P	N
200210074 OK LEFLORE IM 100.00%	07N	25E	20 21	40,49,51,52,90,91; 63,64,65,66,67,68;	15.430 NM-8 ORA-1 ORA-2 ORA(LN-1) OKNM 37613	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200210075 OK DEWEY IM 100.00%	16N	19W	12 12 12 12 12	ACCR & RIPAR AC TO LOT 1; ACCR & RIPAR AC TO LOT 2; ACCR & RIPAR AC TO LOT 3; ACCR & RIPAR AC TO LOT 4; SEE EXHIBIT A FOR M&B;	123.030 ORA-1 ORA-2 ORA(LN-1) OKNM 36690	P	N

**METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 1, SECTION 12, T16N-R19W,
NOT COVERED BY EXISTING
B.L.M. LEASES NM 094299 (OK) AND NM 0437427 (OK)
LOCATED ALONG THE CANADIAN RIVER,
DEWEY COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)**

Beginning at the Southeast corner of Lot 1, said point being South 58°43'46" East a distance of 1543.28 feet from the ancient meander corner between Sections 11 and 12, T16N-R19W, Dewey County, Oklahoma.

Thence South 21°21'45" West a distance of 764.88 feet to a proportional point on the 2002 left bank;

Thence South 05°12'52" East a distance of 76.12 feet to a point on the 2002 medial line;

Thence along the 2002 medial line the following courses and distances:

South 84°47'08" West a distance of 63.63 feet;

South 59°21'23" West a distance of 57.65 feet;

North 87°22'43" West a distance of 150.50 feet;

North 79°27'49" West a distance of 113.70 feet;

North 59°06'14" West a distance of 137.40 feet;

North 27°16'27" West a distance of 45.50 feet;

North 71°22'19" West a distance of 245.92 feet;

North 40°11'03" West a distance of 89.64 feet;

North 45°41'53" West a distance of 3.98 feet to a point on the East line of existing B.L.M. lease NM 094299 (OK);

Thence along said existing lease North 15°15'00" East a distance of 625.58 feet to a point on the South line of existing B.L.M. lease NM 094299 (OK);

Thence along the South and East boundary of said existing B.L.M. lease the following courses and distances:

South 74°45'00" East a distance of 303.51 feet;

South 79°00'00" East a distance of 402.60 feet;

North 11°00'00" East a distance of 114.27 feet to a point on the ancient left bank;

Thence along the ancient left bank, South 83°15'00" East a distance of 206.30 feet to the POINT OF BEGINNING, and containing 14.67 acres of land more or less.

**METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 2, SECTION 12, T16N-R19W,
NOT COVERED BY EXISTING
B.L.M. LEASES NM 094299 (OK) AND NM 0437427 (OK)
LOCATED ALONG THE CANADIAN RIVER,
DEWEY COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)**

Beginning at the Southwest corner of Lot 2, said point being South 58°43'46" East a distance of 1543.28 feet from the ancient meander corner between Sections 11 and 12, T16N-R19W, Dewey County, Oklahoma.

Thence along the ancient left bank, South 83°15'00" East a distance of 1329.17 feet to the Southeast corner of said Lot 2;

Thence South 13°56'43" West a distance of 1266.33 feet to a proportional point on the 2002 left bank;

Thence South 52°25'21" West a distance of 101.23 feet to a point on the 2002 medial line;

Thence along the 2002 medial line the following courses and distances:

- North 37°34'38" West a distance of 12.77 feet;
- North 51°37'39" West a distance of 217.86 feet;
- North 62°13'15" West a distance of 115.46 feet;
- North 50°52'31" West a distance of 209.58 feet;
- North 44°42'14" West a distance of 72.21 feet;
- North 51°25'29" West a distance of 211.55 feet;
- North 76°39'59" West a distance of 44.32 feet;
- North 74°37'31" West a distance of 187.17 feet;
- North 66°01'42" West a distance of 202.88 feet;
- North 85°51'13" West a distance of 88.68 feet;
- South 84°47'08" West a distance of 49.55 feet to a point;

Thence North 05°12'52" West a distance of 76.12 feet to a proportional point on the 2002 left bank;

Thence North 21°21'45" East a distance of 764.88 feet to the POINT OF BEGINNING, and containing 32.22 acres of land more or less.

**METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 3, SECTION 12, T16N-R19W,
NOT COVERED BY EXISTING
B.L.M. LEASES NM 094299 (OK) AND NM 0437427 (OK)
LOCATED ALONG THE CANADIAN RIVER,
DEWEY COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)**

Beginning at the Southeast corner of Lot 3, said point being South 82°45'00" West a distance of 1330.64 feet from the ancient meander corner on the ancient left bank between Section 7, T16N-R18W and Section 12, T16N-R19W, Dewey County, Oklahoma.

Thence South 07°00'25" West a distance of 438.41 feet to a point on B.L.M. existing lease
NM 094299 (OK);

Thence along the West and South boundary of said B.L.M. lease the following courses and distances:

South 26°30'00" West a distance of 208.43 feet;

South 63°30'00" East a distance of 73.82 feet to a point on the East accretion line of said Lot 3;

Thence South 07°00'25" West a distance of 811.79 feet to a proportional point on the 2002 left bank;

Thence South 01°20'34" East a distance of 83.18 feet to a point on the 2002 medial line;

Thence along the 2002 medial line the following courses and distance:

South 89°20'21" West a distance of 47.28 feet;

South 77°34'17" West a distance of 203.13 feet;

South 65°07'19" West a distance of 103.16 feet;

South 83°07'32" West a distance of 280.87 feet;

South 86°20'34" West a distance of 136.44 feet;

North 78°45'30" West a distance of 165.11 feet;

North 69°23'49" West a distance of 422.35 feet;

North 66°43'06" West a distance of 202.39 feet;

North 37°34'39" West a distance of 49.93 feet to a point;

Thence North 52°25'21" East a distance of 101.23 feet to a proportional point on the 2002 left bank;

Thence North 13°56'43" East a distance of 1266.33 feet to a point on the ancient left bank;

Thence along the ancient left bank the following courses and distances:

South 83°15'00" East a distance of 350.90 feet;

North 82°45'00" East a distance of 979.30 feet to the POINT OF BEGINNING, and containing 48.78 acres of land more or less.

**METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 4, SECTION 12, T16N-R19W,
NOT COVERED BY EXISTING
B.L.M. LEASES NM 094299 (OK) AND NM 0437427 (OK)
LOCATED ALONG THE CANADIAN RIVER,
DEWEY COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)**

Beginning at the Southeast corner of Lot 3, said point being South 82°45'00" West a distance of 1330.64 feet from the ancient meander corner on the ancient left bank between Section 7, T16N-R18W and Section 12, T16N-R19W, Dewey County, Oklahoma.

Thence along the ancient left bank, North 82°45'00" East a distance of 175.76 feet to a point on the West boundary of existing B.L.M. lease NM 094299 (OK);

Thence along the West boundary of said B.L.M. lease, South 26°30'00" West a distance of 511.00 feet to a point on the West accretion line of said Lot 4;

Thence along the West accretion line of said Lot 4, North 07°00'25" East a distance of 438.41 feet to the POINT OF BEGINNING, and containing 0.86 acres of land more or less.

**METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 4, SECTION 12, T16N-R19W,
NOT COVERED BY EXISTING
B.L.M. LEASES NM 094299 (OK) AND NM 0437427 (OK)
LOCATED ALONG THE CANADIAN RIVER,
DEWEY COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)**

Beginning at the ancient meander corner on the ancient left bank between Section 7, T16N-R18W and Section 12, T16N-R19W, Dewey County, Oklahoma.

Thence South 04°11'30" West a distance of 1999.74 feet to a proportional point on the 2002 left bank;

Thence South 38°47'40" West a distance of 84.25 feet to a point on the 2002 medial line;

Thence along the 2002 medial line the following courses and distances:

- North 51°12'21" West a distance of 73.65 feet;**
- North 73°02'45" West a distance of 158.66 feet;**
- North 61°56'24" West a distance of 308.75 feet;**
- North 80°00'22" West a distance of 178.06 feet;**
- North 74°14'47" West a distance of 117.26 feet;**
- North 84°47'16" West a distance of 55.20 feet;**
- North 80°05'43" West a distance of 214.26 feet;**
- North 82°59'56" West a distance of 70.69 feet;**
- South 89°20'22" West a distance of 192.63 feet to a point;**

Thence North 01°20'34" West a distance of 83.18 feet to a proportional point on the 2002 left bank;

Thence North 07°00'25" East a distance of 811.78 feet to a point on the South boundary of B.L.M. lease NM 094299 (OK);

Thence along the South and East boundary of said existing B.L.M. lease the following courses and distances:

- South 63°30'00" East a distance of 685.18 feet;**
- South 75°00'00" East a distance of 468.60 feet;**
- North 15°00'00" East a distance of 1293.60 feet to the POINT OF BEGINNING, and containing 26.50 acres of land more or less.**

CONTROLLED SURFACE USE STIPULATION
PALEONTOLOGY

Surface occupancy or use is subject to the following special operating constraints:

- Restrict vehicles to existing roads and trails
- Require a paleontological clearance on surface disturbing activities

On the lands described below:

For the purpose of: To protect the area for scientific study.

- Bettonie Tsosie
- Kutz Canyon Paleontological Area
- Torrejon Fossil Fauna ACEC

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

Bureau of Land Management
Farmington District Office

F-9
May 1993

CONTROLLED SURFACE USE STIPULATION
RIGHT-OF-WAY WINDOW

Surface occupancy or use is subject to the following special operating constraints:

Oil and gas facilities will be placed so as not to conflict with the placement of rights-of-way within the right-of-way window.

On the lands described below:

For the purpose of: The management goal of a ROW window is to route ROWs away from special management areas where ROWs are considered incompatible. The best method of achieving this goal is to provide strategic areas through which utilities and roads should be placed to avoid such conflicts. Within these windows, ROW placement would be considered the highest and best use. Land use allocations which conflict with the purpose of the window designations would be discouraged. If the land or mineral pattern around any of the windows changes enough to impact the intent of the designation, the BLM District Manager can issue a decision to remove its special management status.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

Bureau of Land Management
Farmington District Office

F-15
May 1993

NO SURFACE OCCUPANCY STIPULATION
SPECIAL CULTURAL VALUES

No surface occupancy or use is allowed on the lands described below:

For the purpose of: No surface occupancy or other activity on the surface is allowed under this lease in order to protect cultural values.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

CONTINENTAL DIVIDE TRAIL

No occupancy or other surface disturbance will be allowed within 1000 feet of the Continental Divide National Scenic Trail Treadway. This distance may be modified when specifically approved in writing by the Bureau of Land Management at the address shown below:

Address:

**Albuquerque Field Office
435 Montano NE
Albuquerque, NM 871071808**

(505) 761-8700

**Bureau of Land Management
New Mexico State Office**

**NM-6
October 1, 1989**

NM-8

LEASE NOTICE
COAL PROTECTION

Federal coal resources exist on this lease. Operations authorized by this lease may be altered or modified by the authorized officer (at the address shown below) in order to conserve and protect the mineral resources and provide for simultaneous operations.

Address:

**Tulsa Field Office
7906 E. 33Rd Street, Suite 101
Tulsa, OK 74145
(918) 621-4100**

**Bureau of Land Management
New Mexico State Office**

**NM-8
April 2, 1991**

FLOODPLAIN PROTECTION STIPULATION
CONTROLLED SURFACE USE

All or portions of the lands under this lease lie in and/or adjacent to a major watercourse and are subject to periodic flooding. Surface occupancy of these areas will not be allowed without specific approval, in writing, of the Bureau of Land Management.

For the following described land(s):

Any changes in this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

Bureau of Land Management
Oklahoma Field Office

ORA-1
November 1991

WETLAND/RIPARIAN STIPULATION
CONTROLLED SURFACE USE

All or portions of the lands under this lease contain wetland and/or riparian areas. Surface occupancy of these areas will not be allowed without the specific approval, in writing, of the Bureau of Land Management. Impacts or disturbance to wetlands and riparian habitats which occur on this lease must be avoided, or mitigated. The mitigation shall be developed during the application for permit to drill process.

For the following described land(s):

All lands in lease.

Any changes in this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

Bureau of Land Management
Oklahoma Field Office

ORA-2
November 1991

LEASE NOTICE
THREATENED AND ENDANGERED SPECIES

According to preliminary information all or portions of this lease area could contain Federal and/or State-listed threatened or endangered species and/or their habitats. Any proposed surface disturbing activity may require an inventory and consultation with the U.S. Fish and Wildlife Service and/or the State Wildlife agency. The consultation could take up to 180 days to complete. Surface occupancy could be restricted or not allowed as a result of the consultation. Appropriate modifications of the imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

Bureau of Land Management
Oklahoma Field Office

ORA(LN-1)
November 1991

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below. The lands may be drilled directionally from an off-site location where occupancy is allowed.

On the lands described below:

All Lands in Lease.

For the purpose of: Protection of a resource or use not compatible with oil and gas development.

Any changes in this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

LEASE NOTICE
POTENTIAL CAVE OR KARST OCCURRENCE AREA

All or portion of the lease are located in a potential cave or karst occurrence area. Within this area, caves or karst features such as sinkholes, passages, and large rooms may be encountered from the surface to a depth of as much as 2,000 feet, within surface areas ranging from a few acres to hundreds of acres. Due to the sensitive nature of the cave or karst systems of this area, special protective measures may be developed during environmental analyses and be required as part of approvals for drilling or other operations on this lease. These measures could include: changes in drilling operations; special casing and cementing programs; modifications in surface activities; or other reasonable measures to mitigate impacts to cave or karst values. These measures may be imposed in accordance with 43 CFR 3101.1-2; 43 CFR 3162.5-1; Onshore Oil and Gas Order No. 1; and Section 6 of the lease terms.

SLOPES OR FRAGILE SOILS

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed on slopes over 30 percent. Exceptions will be considered for authorized mineral material extraction sites and designated OHV areas, for the installation of projects designed to enhance or protect renewable natural resources, or if a plan of operating and development which provides for adequate mitigation of impacts was approved by the Authorized Officer. Occupancy or use of fragile soils will be considered on a case-by-case basis.

For the purpose of: Protecting Slopes or Fragile Soils

STREAMS, RIVERS, AND FLOODPLAINS

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of the outer edge of 100-year floodplains, to protect the integrity of those floodplains. On a case-by-case basis, an exception to this requirement may be considered based on one or more of the criteria listed below. The first three criteria would not be applied in areas of identified critical or occupied habitat for federally listed threatened or endangered species.

--Additional development in areas with existing developments that have shown no adverse impacts to the riparian areas as determined by the Authorized Officer, following a case-by-case review at the time of permitting.

--Suitable off-site mitigation if habitat loss has been identified.

--An approved plan of operations ensures the protection of water or soil resources, or both.

--Installation of habitat, rangeland or recreation projects designed to enhance or protect renewable natural resources.

For the purpose of: **Protecting Streams, Rivers and Floodplains**

PLAYAS AND ALKALI LAKES

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of PLAYAS of Alkali Lakes. Waiver of this requirement will be considered on a case-by-case basis for projects designed to enhance or protect renewable natural resources. An exception for oil and gas development will be considered if Playa lake loss was mitigated by the protection and development of another playa exhibiting the potential for improvement. Mitigation could include: installing fencing; developing a supplemental water supply; planting trees and shrubs for shelter belts; conducting plays basin excavation; constructing erosion control structures or cross dikes; or by improving the habitat in another area.

For the purpose of: **Protecting Playas and Alkali Lakes**

CAVES AND KARST

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of known cave entrances, passages or aspects of significant caves, or significant karst features. Waiver of this requirement will be considered for projects that enhance or protect renewable natural resource values, or when an approved plan of operations ensures the protection of cave and karst resources.

For the purpose of: **Protecting Caves and Karst Features**

Bureau of Land Management
Roswell/Carlsbad Field Office

SENM-S-21
December 1997

PRAIRIE CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to the operation and maintenance of production facilities.

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 15 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m.. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise. Exceptions to these requirements will be considered for areas of no or low prairie chicken booming activity, or unoccupied habitat, including leks, as determined at the time of permitting, or in emergency situations.

For the purpose of: **Protecting Prairie Chickens**

Bureau of Land Management
Roswell/Carlsbad Field Offices

SENM-S-22
December 1997

VISUAL RESOURCE MANAGEMENT

Surface occupancy or use is subject to the following special operating constraints:

Painting of oil field equipment and structures to minimize visual impacts will be conducted according to the requirements of Notice to Lessees (NTL) 87-1, New Mexico. Low profile facilities also may be required, when needed to reduce the contrast of a project with the dominant color, line, texture, and form of the surrounding landscape. Other surface facilities or equipment approved by the BLM, such as large-scale range improvements or pipelines, will be painted, when needed, to conform with the requirements of visual resource management to minimize visual impacts. Paint colors will be selected from the ten standard environmental colors approved by the Rocky Mountain Coordinating committee. The selected paint color will match as closely as possible the predominant soil or vegetation color of the area.

For the purpose of: Protecting Visual Resources Management

Bureau of Land Management
Roswell/Carlsbad Field Office

SENM-S-25
December 1997

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below:

For the purpose of: Protecting significant cultural and natural resource protection values within the Garnsey Bison Kill Site Protected area (CRA SMA No. 16) as discussed in the Carlsbad Resource Management Plan.

If circumstances or relative resource values change or if the lessee demonstrates that operations can be conducted without causing unacceptable impacts, this stipulation may be waived, excepted, or modified by the authorized officer if such action is consistent with the provisions of the applicable Land Use Plan, or if not consistent, through a planning amendment. If the authorized officer determines that the waiver, exception, or modification is substantial, the waiver, exception, or modification will be subject to a 30-day public review period.

**Bureau of Land Management
Carlsbad Field Office**

**SENM-S-26
Revised January 1989**

ENDANGERED SPECIES ACT
SECTION 7 CONSULTATION STIPULATION

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modification of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act as amended, 16 U.S.C. § 1531 et seq., including completion of any required procedure for conference or consultation.

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